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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ROYAL FLUSH SYSTEM NETWORK, INC.;
ECAPS CREDIT SOLUTIONS NETWORK,
INC.;
GLOBALLOT SERVICES, INC.;
FLASH PRODUCTIONS, INC.;
WILSON OKIKE;
BASIL STEEVES;
NATTY OSEMWENGIE,

Defendants,

and

OBIAGELI OKIKE;
LEXANDINE PROPERTY MANAGEMENT,
INC.;
UCHENNA OKIKE,

Relief Defendants.

No.

STIPULATED FINAL JUDGMENT
AND ORDER FOR PERMANENT
INJUNCTION, CONSUMER
REDRESS, AND OTHER
EQUITABLE RELIEF AS TO
DEFENDANT BASIL STEEVES

1 Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), has filed a complaint for a
2 permanent injunction and other relief pursuant to Sections 13(b) and 19 of the Federal Trade
3 Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer
4 Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6101 *et seq.*,
5 naming as defendants Royal Flush System Network, Inc., ECAPS Credit Solutions Network, Inc.,
6 Globalot Services, Inc., Flash Productions, Inc., Wilson Okike, Basil Steeves, and Natty
7 Osemwengie. The complaint also names as relief defendants Obiageli Okike, Lexandine Property
8 Management, Inc., and Uchenna Okike, and seeks disgorgement, plus prejudgment interest, from each
9 relief defendant of all assets derived, directly or indirectly, from the defendants' deceptive conduct.
10 The complaint alleges violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the
11 Commission's Trade Regulation Rule entitled "Telemarketing Sales Rule" ("Rule"), 16 C.F.R.
12 Part 310.

13 Defendant Basil Steeves ("defendant") and plaintiff, by and through their respective counsel,
14 have agreed to entry of this Order by this Court to resolve all matters in dispute between them in this
15 action. Defendant has consented to the entry of this Order without trial or adjudication of any issue of
16 law or fact herein. Defendant waives any rights that may arise under the Equal Access to Justice Act,
17 28 U.S.C. § 2412.

18 NOW, THEREFORE, defendant and plaintiff having requested the Court to enter this Order,
19 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

20 I. FINDINGS

21 A. This Court has jurisdiction over the subject matter of this action and the parties
22 consenting hereto.

23 B. Venue is proper as to all parties in the Western District of Washington.

24 C. The activities of defendant are in or affecting commerce, as defined in Section 4 of the
25 FTC Act, 15 U.S.C. § 44.

26 D. The complaint states a claim upon which relief may be granted against defendant under
27 Sections 5(a), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57b, and the
28 Telemarketing Sales Rule, 16 C.F.R. Part 310.

1 E. Defendant waives all rights to seek appellate review or otherwise challenge or contest
2 the validity of this Order.

3 II. DEFINITIONS

4 For the purpose of this Order, the following definitions shall apply:

5 A. "Person" means a natural person, organization or other legal entity, including a
6 corporation, partnership, proprietorship, association, cooperative, government or governmental
7 subdivision or agency, or any other group or combination acting as an entity.

8 B. "Defendant" means Basil Steeves, as well as his successors and assigns, directors,
9 officers, agents, servants, employees, salespersons, independent contractors, corporations, subsidiaries,
10 affiliates, and other persons directly or indirectly under his control or in active concert or participation
11 with him who receive actual notice of this Order by personal service, facsimile or otherwise, whether
12 acting directly or through any corporation, subsidiary, division or other device.

13 C. "Telemarketing" means a plan, program or campaign that is conducted to induce the
14 purchase of goods or services by use of one or more telephones.

15 D. "Lottery" means the pooling of proceeds derived from the sale of tickets or chances
16 and allotting those proceeds or parts thereof by chance to one or more chance takers or ticket
17 purchasers.

18 E. "Foreign lottery" means a lottery not regulated by U.S. federal or state law.

19 III. CONDUCT PROHIBITIONS

20 IT IS THEREFORE ORDERED THAT, defendant is hereby permanently restrained and
21 enjoined from:

22 A. Promoting, offering for sale or selling, directly or indirectly, tickets, chances, interests or
23 registrations in any foreign lottery to residents of the U.S.;

24 B. Purchasing or registering any ticket, chance, interest or registration in any foreign lottery
25 for any residents, groups of persons or entities in the U.S.;

26 C. Misrepresenting or omitting any fact material to a consumer's decision to purchase
27 defendant's products or services in connection with the advertising, marketing, proposed sale, or sale
28 of any product or service in the U.S.; and

1 D. Violating or assisting others to violate any provision of the Telemarketing Sales Rule, 16
2 C.F.R. Part 310, including, but not limited to:

- 3 1. Making a false or misleading statement to induce any person to pay for any
4 good or service, in violation of Section 310.3(a)(4) of the Rule, 16 C.F.R. §
5 310.3(a)(4);
- 6 2. Failing to disclose, in a clear and conspicuous manner, before a customer pays
7 for any goods or services, all material restrictions, limitations or conditions to
8 receive these goods or services, in violation of Section 310.3(a)(1)(ii) of the
9 Rule, 16 C.F.R. § 310.3(a)(1)(ii);
- 10 3. Requesting or receiving payment from any person who lost money in a previous
11 telemarketing transaction before delivering the recovered money to that person,
12 in violation of Section 310.4(a)(3) of the Rule, 16 C.F.R.
13 § 310.4(a)(3); and
- 14 4. Misrepresenting, directly or by implication, an affiliation with, or endorsement
15 by, a government or third-party organization, in violation of Section
16 310.3(a)(2)(vii) of the Rule, 16 C.F.R. § 310.3(a)(2)(vii).

17 **IV. CONSUMER REDRESS**

18 IT IS FURTHER ORDERED that:

19 A. Defendant, his successors and assigns, jointly and severally, shall pay consumer redress
20 in the amount of \$50,000 (Canadian Dollars) pursuant to Sections 13(b) and 19 of the FTC Act, 15
21 U.S.C. §§ 53(b) and 57b;

22 B. The funds held in Canada that are to be used to pay consumer redress pursuant to
23 Paragraph IV.A. of this Order shall be paid to the British Columbia Director of Trade Practices
24 (“Director”). This payment shall be made within ten (10) days of the entry of this Order by certified or
25 cashier’s check. The Director may deduct from these funds the costs of any action taken by the
26 Director against the defendant. This Order is premised on payment by the Director to the Federal
27 Trade Commission of the remaining balance; and
28

1 C. Funds paid pursuant to Paragraph IV.A. of this Order shall be deposited into a redress
2 fund administered by the FTC and are to be used for equitable relief including, but not limited to,
3 consumer redress and any attendant expenses for the administration of any redress fund. If the
4 Commission determines, in its sole discretion, that redress is wholly or partially impracticable, any funds
5 not so used shall be paid to the United States Treasury as disgorgement. Defendant shall be notified as
6 to how redress funds are disbursed, but shall have no right to contest the manner of distribution chosen
7 by the Commission. The FTC and defendant acknowledge and agree that this judgment for equitable
8 monetary relief is solely remedial in nature and is not a fine, penalty, punitive assessment or forfeiture.

9 **V. RIGHT TO REOPEN**

10 IT IS FURTHER ORDERED that, by agreeing to this Order, defendant reaffirms and attests to
11 the truthfulness, accuracy, and completeness of the financial statement that was prepared by Basil
12 Steeves and transmitted to the FTC on September 5, 2001, (designated the "Financial Statement").
13 Plaintiff's agreement to this Order is expressly premised upon the truthfulness, accuracy, and complete-
14 ness of defendant's financial condition as represented in the Financial Statement referenced above,
15 which contains material information upon which plaintiff relied in negotiating and agreeing to the terms of
16 this Order, including the monetary redress provided for by this Order. If, upon motion by plaintiff, this
17 Court finds that defendant failed to disclose any material asset, or materially misrepresented the value of
18 any asset, or made any other material misrepresentation in or omission from the Financial Statement, the
19 Court shall reopen the judgment for the purpose of requiring additional monetary consumer redress in
20 an amount equivalent to any resulting understatement of assets, overstatement of liabilities or
21 understatement of net worth. The amount of any such additional monetary consumer redress ordered
22 by the Court shall become immediately due and payable. *Provided, however,* that in all other
23 respects, this Order shall remain in full force and effect unless otherwise ordered by this Court; and
24 *provided further* that proceedings instituted under this Paragraph are in addition to, and not in lieu of,
25 any other civil or criminal remedies as may be provided by law, including any other proceedings plaintiff
26 may initiate to enforce this Order. For the purposes of this Paragraph, defendant waives any right to
27 contest any of the allegations in the complaint filed in this matter.

1 **VI. RECORD KEEPING**

2 IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this
3 Order, defendant, in connection with any business where defendant is the majority owner of the
4 business or directly or indirectly manages or controls the business, and where the business is engaged in
5 telemarketing to U.S. residents, is hereby restrained and enjoined from failing to create and retain for a
6 period of three (3) years following the date of such creation, unless otherwise specified:

7 A. Books, records, and accounts that, in reasonable detail, accurately and fairly reflect the
8 cost of goods or services sold, revenues generated, and the disbursement of such revenues;

9 B. Records accurately reflecting: the name, address, and telephone number of each
10 person employed in any capacity by such business, including as an independent contractor; that
11 person's job title or position; the date upon which the person commenced work and the date and
12 reason for the person's termination, if applicable. The businesses subject to this Paragraph shall retain
13 such records for any terminated employee for a period of two (2) years following the date of
14 termination;

15 C. Records containing the names, addresses, telephone numbers, dollar amounts paid,
16 quantity of items or services purchased, and description of items or services purchased, for all
17 consumers to whom such business has sold, invoiced or shipped any goods or services;

18 D. Records that reflect, for every consumer complaint or refund request, whether received
19 directly or indirectly through any third party:

- 20 1. the consumer's name, address, telephone number, and the dollar amount paid
21 by the consumer;
- 22 2. the written complaint or refund request, if any, and the date of the complaint or
23 refund request;
- 24 3. the basis of the complaint, including the name of any salesperson complained
25 against, and the nature and result of any investigation conducted concerning any
26 complaint;
- 27 4. each response and the date of the response;
- 28 5. any final resolution and the date of the resolution; and

1 made by persons engaged in sales or other customer service functions; (2) establishing a procedure for
2 receiving and responding to consumer complaints; and (3) ascertaining the number and nature of
3 consumer complaints regarding transactions in which each employee or independent contractor is
4 involved; *provided* that this Paragraph does not authorize or require defendant to take any steps that
5 violate any federal, state or local laws;

6 B. Failing promptly to investigate fully any consumer complaint received by any business to
7 which this Paragraph applies; and

8 C. Failing to take corrective action with respect to any sales person whom defendant
9 determines is not complying with this Order, which may include training, disciplining, and/or terminating
10 such sales person.

11 **IX. DISCLOSURE OF CUSTOMER LISTS**

12 IT IS FURTHER ORDERED, that defendant is permanently restrained and enjoined from
13 selling, renting, leasing, transferring or otherwise disclosing the name, address, telephone number, credit
14 card number, bank account number, e-mail address or other identifying or financial information of any
15 person who paid any money to any defendant named in the complaint prior to the date of entry of this
16 Order. *Provided, however,* that defendant may disclose such information to a law enforcement
17 agency or as required by any law, regulation or court order.

18 **X. COMPLIANCE REPORTING BY DEFENDANT**

19 IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order
20 may be monitored:

21 A. For a period of five (5) years from the date of entry of this Order, defendant shall notify
22 plaintiff of the following:

- 23 1. Any changes in defendant's residence, mailing address, and telephone number
24 within ten (10) days of the date of such change;
- 25 2. Any changes in defendant's employment status (including self-employment)
26 within ten (10) days of such change. Such notice shall include the name and
27 address of each business that defendant is affiliated with or employed by, a
28

1 statement of the nature of the business, and a statement of defendant's duties
2 and responsibilities in connection with the business or employment; and

- 3 3. Any proposed change in the structure of any business entity owned or
4 controlled by defendant, such as creation, incorporation, dissolution,
5 assignment, sale, merger, dissolution of subsidiaries, proposed filing of
6 bankruptcy petition, change in the corporate name or address, or any other
7 change that may affect compliance obligations arising out of this Order, thirty
8 (30) days prior to the effective date of the proposed change; *provided*,
9 *however*, that with respect to any proposed change in the corporation about
10 which defendant learns less than thirty (30) days prior to the date such action is
11 to take place, defendant shall notify the Commission as soon as is practicable
12 after learning of such proposed change;

13 B. One hundred eighty (180) days after the date of entry of this Order, defendant shall
14 provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner
15 and form in which he has complied and is complying with this Order. This report shall include, but not
16 be limited to:

- 17 1. Defendant's then current residence address and telephone number;
18 2. Defendant's then current employment, business address, and telephone
19 numbers, a description of the business activities of each such employer and,
20 defendant's title and responsibilities for each employer;
21 3. A copy of each acknowledgment of receipt of this Order obtained by
22 defendant pursuant to Paragraph VII; and
23 4. A statement describing the manner in which defendant has complied and is
24 complying with this Order;

25 C. Upon written request by a representative of the Commission, defendant shall submit
26 written reports (under oath, if requested) and produce documents on fifteen (15) days' notice with
27 respect to any conduct subject to this Order;
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2 **XI. ACCESS TO BUSINESS PREMISES**

3 IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this
4 Order, for the purpose of further determining compliance with this Order, defendant shall permit
5 representatives of the Commission, within three (3) business days of receipt of written notice from the
6 Commission:

7 A. Access during normal business hours to any office, or facility storing documents, of any
8 business located in the U.S. where defendant is the majority owner of the business or directly or
9 indirectly manages or controls the business, and the business engages in performing any function in
10 connection with the telemarketing of any product or service to U.S. residents or assisting others
11 engaged in these activities. In providing such access, defendant shall permit representatives of the
12 Commission to inspect and copy all documents relevant to any matter contained in this Order, and shall
13 permit Commission representatives to remove documents relevant to any matter contained in this Order
14 for a period not to exceed five (5) business days so that the documents may be inspected, inventoried,
15 and copied; and

16 B. To interview the officers, directors, and employees, including all personnel involved in
17 responding to consumer complaints or inquiries, and all sales personnel, whether designated as
18 employees, consultants, independent contractors or otherwise, of any business to which Paragraph
19 XI.A. of this Order applies, concerning matters relating to compliance with the terms of this Order.
20 The person interviewed may have counsel present.

21 *Provided* that, upon application of the Commission and for good cause shown, the Court may enter an
22 *ex parte* order granting immediate access to defendant's business premises located in the U.S. for the
23 purposes of inspecting and copying all documents relevant to any matter contained in this Order.

24 **XII. COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE**

25 IT IS FURTHER ORDERED that the Commission is authorized to monitor defendant's
26 compliance with this Order by all lawful means including, but not limited to, the following means:

27 A. The Commission is authorized, without further leave of court, to obtain discovery from
28 any person in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ.

1 P. 26 - 37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of
2 monitoring and investigating defendant's compliance with any provision of this Order;

3 B. The Commission is authorized to use representatives posing as consumers and suppliers
4 to defendant, defendant's employees, or any other entity managed or controlled in whole or in part by
5 defendant, without the necessity of identification or prior notice; and

6 C. Nothing in this Order shall limit the Commission's lawful use of compulsory process,
7 pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to investigate whether
8 defendant has violated any provision of this Order, Section 5 of the FTC Act, 15 U.S.C. § 45, or the
9 Telemarketing Sales Rule, 16 C.F.R. Part 310.

10 **XIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

11 IT IS FURTHER ORDERED that, within five (5) business days after receipt by defendant of
12 this Order as entered by the Court, defendant shall each submit to plaintiff a truthful sworn statement, in
13 the form shown in Attachment A, that shall acknowledge receipt of this Order.

14 **XIV. RETENTION OF JURISDICTION**

15 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the
16 purpose of enabling any of the parties to this Order to apply to the Court at any time for such further
17 orders or directives as may be necessary or appropriate for the interpretation or modification of this
18 Order, for the enforcement of compliance therewith or for the punishment of violations thereof.

19
20 SO ORDERED, this _____ day of _____, 2002.

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22 _____
23 United States District Judge
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25 The parties hereby consent to the terms and conditions set forth above and consent to entry of
26 this Order without further notice to the parties.
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